

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EUR-12 NEA-10 AF-06 SP-02 AID-05 EB-07

NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03

H-02 PA-01 PRS-01 USIA-06 ERDA-05 CIAE-00 COME-00

DODE-00 FEAE-00 FPC-01 INR-07 INT-05 NSAE-00 PM-04

SAM-01 OES-03 FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01

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R 151629Z AUG 75

FM AMEMBASSY CARACAS

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E.O. 11652: N/A

TAGS: EFIN EALR EGEN VE

SUBJECT: VENEZUELA BALANCE OF PAYMENTS SITUATION

1. SUMMARY: A LONDON REPORT THAT VENEZUELA SOUGHT \$200 MILLION IN THE WORLD MARKED TO COVER A BALANCE OF PAYMENTS CRISIS HAS BEEN DENIED BY GOV OFFICIALS. INSTEAD OF A DEFICIT, THE PLANNING MINISTER ESTIMATES A BALANCE OF PAYMENTS SURPLUS OF \$6 BILLION FOR 1975. END SUMMARY.

2. ON AUG 14, EL UNIVERSAL CARRIED FRONT PAGE STORY DATED LONDON AUG 13 (AFP) WITH HEADLINE "VENEZUELA OBTAINED \$200 MILLION CREDIT IN WORLD MARKET TO COVER DEFICIT IN BALANCE OF PAYMENTS." THRUST OF ARTICLE IS THAT VENEZUELA AND OTHER MAJOR PRODUCERS OF PETROLEUM, INCLUDING IRAN, ALGERIA AND IRAQ, FACE GRAVE LIQUIDITY CRISES REQUIRING THEM TO SEEK LOANS FROM THE WORLD MARKET.

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2. EMBASSY FINANCIAL OFFICER CONTACTED DR. CARLOS RAFAEL SILVA, VICE PRESIDENT AND GENERAL MANAGER OF CENTRAL BANK, WHO CATEGORICALLY DENIED ANY KNOWLEDGE OF VENEZUELA OBTAINING SUCH A LOAN. SILVA ADDED THAT IF SUCH A LOAN WERE MADE HE AND THE CENTRAL BANK SHOULD KNOW ABOUT IT AND THAT GIVEN THE COUNTRY'S HIGH LEVEL OF INTERNATIONAL RESERVES (\$8.7 BILLION AT END OF JULY), WAS AT A LOSS TO KNOW WHY IT SHOULD BE NECESSARY FOR BALANCE OF PAYMENTS REASONS.

3. LIKEWISE, DR. GUMERSINDO RODRIGUEZ, MINISTER OF STATE FOR ECONOMIC PLANNING, MADE A PUBLIC DENIAL, CARRIED IN EL UNIVERSAL AND EL NACIONAL AUG 15, THAT VENEZUELA OBTAINED OR SOUGHT A BALANCE OF PAYMENTS LOAN. HE STATED THAT FOR THE FIRST SEMESTER OF 1975 VENEZUELA HAD A SURPLUS BALANCE OF PAYMENTS (CURRENT ACCOUNT) OF \$1.665 BILLION AND THAT IT IS ESTIMATED THAT FOR THE WHOLE OF 1975 THE SURPLUS WOULD BE MORE THAN \$6 BILLION. THIS ESTIMATE ASSUMES PETROLEUM EXPORTS VALUED AT \$10.82 BILLION (PREDICATED ON A TAX REFERENCE PRICE OF \$13.50 PER BARREL) AND IRON EXPORTS WORTH \$313 MILLION. IMPORTS FOR 1975 ARE ESTIMATED AT \$4.7 BILLION, 22.5 PERCENT ABOVE 1974.

4. RODRIGUEZ SAID THE LONDON REPORT PAINTED AN UNREAL PICTURE OF VENEZUELA'S FINANCIAL SITUATION SINCE THIS COUNTRY IS A CREDITOR TO THE IMF AND HAS MADE VARIOUS LOANS TO THE CARIBBEAN COUNTRIES. HE SPECULATED THAT THE OBJECT OF THE REPORT MAY HAVE BEEN TO CREATE A DISTORTED PICTURE WHICH WOULD HAVE A MODIFYING EFFECT ON THE EFFORTS OF THE OPEC COUNTRIES TO SET NEW PRICES FOR OIL NEXT MONTH.

5. COMMENT: DESPITE SILVA AND RODRIGUEZ'S DENIAL THERE IS THE POSSIBILITY THAT VENEZUELA MAY BE SEEKING FOREIGN LINES OF CREDIT TO COVER ITS LARGE INTERNAL DEVELOPMENT PROJECTS. THIS WOULD BE CONSISTENT WITH PREVIOUS STATEMENTS MADE BY DR. CONSTANTINO QUERO MORALES, PRESIDENT OF THE VENEZUELA INVESTMENT FUND, THAT VENEZUELA WOULD USE ITS VERY GOOD INTERNATIONAL LIMITED OFFICIAL USE

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CREDIT RATING TO OBTAIN DEVELOPMENT CAPITAL ABROAD. SUCH LINES OF CREDIT WOULD NOT BE FOR THE PURPOSE OF COVERING A CURRENT LIQUIDITY CRISIS HOWEVER.  
SHLAUDEMAM

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**Draft Date:** 15 AUG 1975  
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